

A COMPARISON OF OECD AND COMECON

NOTE:

Attached is the first draft of a paper in preparation by the Atlantic Institute Secretariat. Its purpose is to compare certain features of the structure and operation of the OECD and the Comecon. The current draft is being submitted to several experts in various countries who are well-acquainted with the question.

Rather than a full report, this paper consists of a collection of notes.

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A COMPARISON OF OECD AND COMECON

PURPOSE:

A comparison is here attempted of the treaties which form at least the partial basis for economic cooperation and coordination within the separate Eastern and Western camps. Just such a comparison would seem vital today now that the battlefield of the two blocs is shifting so clearly onto economic terrain.

This type of report is designed on the one hand to call attention to the subject by sketching a general analysis of the question and drawing tentative conclusions therefrom, but above all to serve as the starting point for further studies or research into the question.

SCOPE:

This presentation begins with a brief historical glance at the background to the two treaties, only slightly less hurried for Comecon, as its history is perhaps less known than OECD's. They are followed by a comparative analysis of the important features of the treaties : first from the formal viewpoint of the texts themselves, and second with a glance at their practical application within their respective spheres. Some of the present and possible effects of the treaties are suggested as a conclusion.

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## PART I

### Historical Notes

#### Background: OECD

The Organization for Economic Cooperation and Development, still awaiting the formal blessing to be granted through its various member-countries' ratifying procedures, is today the latest child of the West's efforts at economic cooperation. Juridically, it is due to be born on, or before, September 30, 1961. It will be full heir to the Organization for European Economic Cooperation which entered its thirteenth and last year of operation on April 16, 1961.

The O.E.E.C. began as a logical outcome of the program outlined by Secretary of State Marshall in his Harvard speech of June 5, 1947. Within less than a year, the Convention for European Economic Cooperation was ratified and Europe felt ready for this aspect of the American aid program's implementation. At the outset the American observers held high hopes for a large degree of integration among the economies of the individual European member states. (1) In practice the results were considerably more modest.

#### O.E.E.C.: Accomplishments

##### - payments

Besides the initial task of administering effectively American aid to Europe, the most notable of the OEEC's achievements have been "the establishment of the European Payments Union and the liberalization of intra-European trade". (2) From the initial phases of the recovery of European commerce, the EPU, established in September 1950, produced the first "breakthrough into a multilateral system of settlements and credits". (2)

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(1) A tentative United States participation was formalized by an OEEC decision of June 2, 1950, admitting the U.S. and Canada as Associate countries.

(2) Report by the Group of Four: OEEC, Paris, April 1960.

After EPU's more than eight year service of broadening the original bilateral basis of European trade, the European Monetary Agreement established non-resident convertibility in December 1958.

- trade

With the institution of the Code of Liberalization in August 1950, quantitative restrictions on imports for the member countries were gradually though not always regularly reduced.

These are the Organization's major accomplishments, and these, added to the initiatives stimulated by the European Production Agency, have had as one of their partial results the several economic miracles which seem of late to have blessed numbers of these European countries.

OEEC: Lacks

None the less, on the deficit page must be noted the early failure to institute any serious degree of coordination in the recovering economies of Western Europe, the continued failure to obtain any important degree of integration of policies, and the later growth of peculiar regionalistic tendencies - in particular, the complete failure of the "last chance" Paris meeting in December 1958 and with it the inability to avoid, before the zero hour (January 1, 1959), the split between the Common Market and the rest of Europe.

Transition

It was during this same period that two factors came to take on a major importance for the OEEC: first, with the general convertibility of foreign exchange for these countries, the Organization's role was partially fulfilled and partly eclipsed, and second, the recovered European countries were now turning outwards toward one of the greatest of today's world problems: the underdeveloped country. These factors, plus the immediate impulse of Under-Secretary of State Douglas Dillon's November visit, produced a result seen initially in the form of a communiqué

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from the meeting of Western heads of state held in Paris, December 1959. In this way began the reshaping and "strengthening of the arrangements for European economic cooperation to reflect changed economic conditions and the prospective full membership of the United States and Canada".(1)

Then followed this sequence of efforts to remodel the Organization:

- January 12-13, 1960: Meeting of Ministers of 13 countries (including the U.S. and Canada) and the European Economic Commission recommending a reorganization study by the Group of Four.
- January 14, 1960: Recommendation approved by the OEEC.
- April 7, 1960: Committee of Four (Chairman, W. Randolph Burgess, U.S. Permanent Representative to OEEC) gives report: "A Remodelled Economic Organization".
- December 14, 1960: Convention on the Organization for Economic Cooperation and Development signed by the Ministers of Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

Background: Comecon

Paralleling this thirteen-year development in Western Europe was an effort on the part of the Communist world toward what superficially appears to be a similar end. Following the war, in an effort to rebuild her own economy as fast as possible, the Soviet Union exploited to the full those favorable reparations clauses in her treaties with the East European countries, over which she came to have more and more control. Through the transplanting of capital equipment, occasionally even their operators, and by exploitation of joint-stock corporations, she was accomplishing an effective "milking" operation as early as 1946. It was in the midst of

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(1) Report, ibid.

this that Marshall's idea exploded. After a hint of interest by Foreign Secretary Molotov the same month of June in Paris and the Soviet rapping of Czechoslovakia's knuckles for accepting so willingly, the Soviets began to interpret this move and all its consequences (including the OEEC) as an American and capitalist desire to strengthen the existing regimes in Western Europe, and to attempt to maintain or re-establish economic ties between these countries and those of Eastern Europe. Thus in January 1949, nine months after the OEEC was formed, came the treaty establishing the Council on Mutual Economic Aid (sometimes "Cooperation" for "Aid"), or "Comecon". This move seems to have been specifically designed to counter the supposed sinister motives of the Marshall Plan, and included initially the USSR, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania.

#### Comecon's first phase

During the period since the war, the trade relations of the East European countries had seen a complete reorientation. Not only due to the Soviets' own efforts, but with the collapse of Germany as a market (especially for food-stuffs and raw materials) and Western Europe's inability to meet the capital goods demands for reconstruction, the Soviet Union had become, by 1948, the largest single trader with these states. Comecon could then serve as a coordinator for this new trade orientation. In fact, this seems to be its primary function during the first phase of its existence, which continued through Stalin's death.

Yet even within this field there seems to have been little real activity of the Council: only two conferences were held in these four years, during which time East Germany and Albania joined the Council. In this same period, through more individual control, the Soviet Union was directing these countries toward economic autarchy and a form of economy following in the steps of the leading socialist country. These directions are clearly indicated in the results of the first industrial drives of all these countries. (1) By 1953, 70% of their trade was within the Comecon area; the Soviet Union

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(1) Heavy industry had an average of 37% of the economy, agriculture - except for Bulgaria - less than 15%, light industry less than 10%. S.J.Zyzniewsky, Political Science Quarterly, Vol. LXXV, 2.

had become their chief market and supplier.(1) The West's own embargo policy against Communist regimes had an especially important effect in this trade deflection between 1949 and 1951.

### Second phase

-(part one)

The second phase began with Stalin's death and continued as a tortuous period of transition until 1958. During the first half of this phase, 1953-1956, the need for greater rationalization of Comecon bloc production was made evident by the constant shortage of raw materials (the Soviets' niggardliness is explained by their own ambitious industrial plans). Comecon's orientation began to change slowly. In 1953 and 1954 the idea of "harmful parallelism" was emphasized.(2) A general reorganization and coordination of natural resource exploitation and distribution was begun in 1955, though, despite Stalin's removal from the scene, self-sufficiency for the individual states remained their ultimate goal. Finally, in 1956, a large degree of coordination was realized as five-year plans began simultaneously in all the Comecon countries, coinciding with the Soviet Union's sixth. In fact, Comecon seems to have come alive during this period. From June 1954 to September 1956 at least sixteen meetings of the different sections were held. Of particular importance for Comecon was Khrushchev's declaration at the Twentieth Party Congress in 1956 that there was now "no need for every socialist country to develop necessarily all branches of heavy industry as the Soviet Union was compelled to do", but that each "can specialize in the development of those branches of industry for which it has the most favorable natural and economic conditions". (3)

-(part two)

The important May 1956 meeting of Comecon and the immediate subsequent changes in Comecon policy were guided by this thesis, and began the second part of the Comecon's

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- (1) Forty percent of their trade was with the USSR, 30% intra-East European.
  - (2) Economic Survey of Europe for 1954, pp. 131-135.
  - (3) As cited from Pravda, Feb. 15, 1956, in the Political Science Quarterly, op. cit.

second phase. Thus, by the October revolutions in Poland and Hungary, the importance of heavy industry per se had been scaled down, and 600 groups of machine products were distributed for production among the bloc members according to national abilities, and local resources - exemplifying a rising catch-word: the international division of labor. The effect of the October debacle was to increase this tendency and, as far as Comecon is concerned, to emphasize the idea of a "Socialist equality" to prevail in future relations, using world prices to guide trade transactions.

### Third phase:

The beginning of the third phase coincides with the Eighth Comecon Council meeting in Warsaw in 1958, at which time bold supranational plans were adopted, methodology standardized, plans laid down for the linking of power networks (completed at Tirana in May 1959) and synchronization of major economic plans, some as far into the future as 1975. It was the favorable results of this third phase which prompted the formalization of these new forms of cooperation in the treaty signed in Sophia on December 4, 1959.

## PART II

### Comparative Analysis

#### Structural Comparison

Thus after more than a decade's functioning of both regional institutions, new treaties were signed for each within a year of one another, confirming new political directions and laying the basis for future expansion. Our first task will be to compare the two documents themselves.

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- Directive bodies

From a structural point of view, each organization has at its head a body composed of representatives of all the member countries. (1) This organ has the power to make decisions or recommendations. The likeness, however, ends here - it might be noted, at a very early point. Whereas the Council of the OECD is both the investigating, deliberative, and deciding body for the activity of the Organization, in the Comecon its Assembly is set up to act more as a general guiding organ, which meets annually to review the past year's activity and formulate directions for the future. Recently, however, with increased activity, the Assembly has met in extraordinary sessions in 1958 and 1959.

The Comecon Council (2) is, in its turn, made up of one representative from each member country. It is relatively independent in that it too can make substantive decisions. It is designed to serve as the major working body, maintaining the real contact with member-countries, coordinating the work of the various permanent commissions, and following the general lines established by the Assembly. Thus the functions fulfilled by OECD's Council correspond roughly to those of Comecon's Assembly plus its Council: the Assembly acting as the ultimate authority, though the Council is responsible for the practical implementation of plans. Each council has a secretariat (called a "staff" by OECD) and is empowered to create other organs as necessary. Whereas Comecon has its presidium-like Assembly as its directive organ, the OECD Council elects an individual Secretary-General, responsible for the guidance of the Organization, for a five-year term. (3)

Given the elaborate provisions for Comecon's various permanent commissions, one is struck by the breadth and depth of the cooperation envisaged: broad, since, as we shall see (p. 11), the fields are many and varied; deep, inasmuch as its planning coordination requires a total commitment. (4)

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(1) For OECD, a Council, cf. Arts. 7-9; for Comecon, an Assembly, cf. Art. 6.

(2) cf. Art. 7.

(3) cf. Arts. 10-11.

(4) Since the OECD is as yet non-existent, comparisons here are of course impossible.

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OECD has no such provisions. With respect to the breadth, this is to be expected, as numerous other organizations--especially in Western Europe--were already fulfilling these functions of cooperation and coordination. As to the depth, it would seem that a substantial difference exists which is not presently otherwise complemented by the OECD.

- Decision-making power

One of the more interesting comparisons is to be made between the real decision-making power of each organization. The OECD is quite clear (1): every member may either veto a measure or abstain, and thus withdraw itself from participation "in the recommendation or decision". Comecon, though less clear on this point (2), has a similar provision permitting countries to refuse participation on specific questions. Since, however, there is no veto possible for Comecon countries, and so no means for an individual country to prevent the institution of an over-all program, either an abstention (and thus a refusal to participate) becomes an effective withdrawal from the Council, or is so minor as to be relatively meaningless.

- Declared purpose

The formal statements of the aims of each organization are perhaps somewhat revealing of the real purposes behind each. Both pay allegiance in their preambles to the purpose of the United Nations and to world peace. The OECD goes on to mention "the preservation of individual liberty and the increase in general well-being", whereas the Comecon emphasizes the "building of socialism and communism in their respective countries". Both state they are convinced that the economic development and cooperation among their members will lead to higher standards of living for their peoples, though the OECD indicates a more open concern for general world welfare through bettering world trade and improving international relations. This concern of the OECD is seen even more clearly in its declaration to assist "the countries in process of economic development".

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(1) cf. Art. 6.

(2) cf. Arts. 3-4.

- Other provisions

Other parts of the treaties are roughly comparable: both have provisions for the participation of non-member countries in their work. (1) Comecon's Article II provides for relations with the United Nations; OECD's Article 13, and a supplementary protocol provide for representation of other existing European economic organizations. OECD's Council will meet permanently in Paris; Comecon's in Moscow, though the latter's Assembly meetings are held alternately in the various member countries. Both organizations are to be financed by their member governments' contributions, though OECD leaves the method up to its Council's decision. (2) The two organizations both have special provisions for the admission of new members; the OECD however must be unanimous in any decision for such admission. (3)

Substantive comparison

Any real comparison of the more practical aspects is as yet almost impossible as OECD has yet to be ratified by its member countries. Still, the conception of this projected activity is known.

- Regional characteristics - OECD

First, of particular interest, is the regional characteristic of each organization. One of the most striking aspects of OECD has been the change from "European" to "Atlantic" in its geographical make-up, in which some see the loss of all meaningful regional character (4) and others an important step forward in reinforcing the economy of the free world. (5) The more optimistic generally agree that the OECD

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- (1) cf. OECD Art. 12; Comecon, Art. 10.
  - (2) cf. OECD Art. 20; Comecon, Art. 12.
  - (3) cf. OECD Art. 16; Comecon Art. 2.
  - (4) cf. Santero Report, March 3, 1960, in the Council of Europe.
  - (5) cf. Dillon Report.

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countries are at least entering a new stage and form of economic cooperation. It does in fact seem a sign of maturity that these countries' preoccupation is now not only with their own recovery and development, but also with that of the lesser-developed parts of the world.

- Regional characteristics - Comecon

Comecon, on the other hand, though representing, in Stalin's words, the formation of a "second socialist world market", has remained limited to those countries which were members of the socialist bloc at its inception. It is true that China has had the token representation of an observer on the Council since 1956, North Korea, Outer Mongolia and North Vietnam all since 1958; yet there has been no apparent effort to integrate these countries' economies in the same manner as those of Comecon. It would seem (despite Khrushchev's statement at the Twenty-First Party Congress to the contrary) that a distinction had been made between the popular democracies of Europe and those of Asia: the first forming an intimate economic grouping on the path to communism, the latter, on the same path, but neither organized nor cooperating in any evident manner. It is hard to imagine, in fact, how the integration of the economic quinquenniums and the international division of labor could be extended to countries in such a different stage of economic development.

- Fields of activity

The extension of Comecon into other fields, not always strictly economic, presents another significant point of comparison. While OECD is limited on the whole to the field of intra-bloc and international economics, Comecon provides for scientific and even cultural exchanges of engineers, specialists, and students, as well as close collaboration among research institutes and the economic planners of the member countries.

- Supranationality in Comecon

On the question of supranational characteristics, there is a striking difference. Strictly speaking, OECD has none. Though in theory this is also true for Comecon, in

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practice the Soviet Union maintains a relatively tight control over all its activities. This fact has had two important consequences. First, it has permitted the Soviet Union to give up its obvious "milking" tactics for much more subtle ones. For example, while acting as market and supplier, still often on a bilateral basis, for the other member countries, the Soviets can continue to milk through the establishment of prices lower than those on the world market when they buy, and higher when they sell.(1)

It has been argued that for this very reason China, which has a favorable balance of payments with Russia, has refused to enter Comecon. There are, of course, limits to these tactics, and recent trends seem to indicate Soviet awareness of them. This aspect of Comecon relations is in particular contrast with the unformalized "method of cooperation" in the "OECD spirit" which OECD so hopes to continue.

The second consequence is that a high degree of control over non-Comecon policies, economic and other, in the East European countries flows through such strict economic planning coordination, regional and operational. In this fashion Soviet direction can be made both effective and more easily palatable to these countries.

#### - Supranationality in OECD

In the long run, political implications of a degree of continued effective economic cooperation and policy coordination are legion. Given these conditions, some pooling of sovereignties will inevitably take place also in OECD. A certain amount of "intervention" will be seen to be necessary if OECD is to work seriously to accomplish its stated goals. Further in this sense lies the implicit goal of orienting the under-developed countries' economies and political institutions toward the West.

There exists an important difference, not only in the degree, but in the kind of intervention to be used by the two organizations: in Comecon the intervention is by one country

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(1) cf. Swiss Review of World Affairs, Vol. X, no. 12, March 1961.

recognized as the leader, in OECD it is by no single country. Instead, in OECD, important measures tending to limit national sovereignty could practically be advocated by several of the more influential members, or by OECD itself, to the extent that it manages to assert itself as a focus of initiative. These latter conditions now appear very difficult to attain and any "intervention" is as distant as their attainment.

### New trends

Stepping back and looking at the general development of economic cooperation during the sixteen years since the war, the OECD and Comecon treaties appear representative of two important new trends seen in efforts towards economic coordination and towards integration. These new trends present a striking contrast when compared with similar pre-war efforts. Interesting too would be an examination of the specific motivation and "uses" of these efforts which have recently been put into practice.

#### - Transformed diplomacy

The first trend is one which has transformed the very nature of diplomacy. From an activity consisting essentially of bilateral associations with occasional multilateral meetings, economic and political negotiations have broadened into permanent international institutions. This process has not been only a multilateralization of the diplomatic process, but a complete transformation of it.

A large degree of institutionalization of economic negotiation has come about with the creation of separate, relatively independent organs, each with their own directors and administration and an autonomous secretariat, predominantly regional in character and responsible only to the organization. Bilateral economic diplomacy, however, is still very much alive and will continue to play an important role as long as the various economic dealings are of a national character. (1)

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(1) As, for example, to permit special currency arrangements to protect sectors of a country's economy, to identify a giver or loaner, or to control the uses of such gifts or loans, etc.

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- Continued combat

The second trend is more peculiar to OECD and Comecon themselves and has to do in large part with their immediate reasons for existence. The role of the cold war in their formation has already been described. This influence in its varying forms, ranging from initial open hostility through differing renditions of the competitive coexistence theme, has dominated much of the most serious planning in each organization. It too is responsible for the nature of the groups' cohesion and the determination of a large part of their immediate and long-range political objectives. This kind of combat is one which will have its mutations - as in the form of ideas of a third force, "peace" at differing costs, Communism's and Western democracies' own changing forms - but which promises a long, continuing presence.

The Real Comparison

Though, again, OECD has yet to be officially born, the tantalizing similarities which exist between it and Comecon seem to warrant an equation. It will be seen, however, to be only a surface equation, based on superficial similarities. In the end, Comecon's ability to determine the application of different economic policies for its member countries is likely to separate and distinguish it most clearly from OECD's more limited efforts in economic cooperation. This may remove Comecon from any possible equation. Whether in fact this will happen depends on the strength of various forces counter to the present Comecon efforts. Consideration of such forces is beyond the scope of this report. The underlying distinction between the two treaties, however, remains.

Original: English

The purpose of the accompanying chart is threefold:

- 1) to give a graphic comparison of the 1958 levels of production in the OECD countries against those of Comecon for numbers of fundamental industrial raw materials, basic agricultural production, some manufacturing production, energy produced and approximations of simple educational comparisons;
- 2) to show simultaneously the growth factor over the previous ten years, a period which corresponds approximately to the first decade of the two treaties' existence. The percentage growth is indicated outside a bracket in the charts.

(A note to this comparison must point out that whereas during this period almost all of the Comecon economies were in a process of fundamental reconstruction, a large percentage of the OECD totals represent North American production which experienced no comparable growth. This, in large part, explains the often spectacular growth figures for Comecon against more modest ones for OECD.);

- 3) to give a graphic comparison between the OECD and the entire Communist world, which is obtained by adding the Asian people's democracies (most significantly, China) to those of Comecon.

Sources: UN Statistical Yearbook 1959; N.Y., 1960

OECC Reports

The Economist (ed.'s 1960-1961).



## CHAPTER I

### WHAT IS THE ATLANTIC COMMUNITY?

"The Atlantic Ocean is not the frontier between Europe and the Americas. It is the inland sea of a community of nations allied with one another by geography, history and vital necessity."

Walter Lippmann, 1943

Since 1492, an Atlantic Community has existed. A part of European civilization was transplanted to the Americas where it flourished and flowered and eventually began to react on and interact with the parent continent. To be sure, European ways of life were transplanted to every corner of the earth, but nowhere (with perhaps the exceptions of Australia and New Zealand) did they strike roots as deep as in North America. Here not only the face of the land was transformed, but the whole pattern of life was made in the European image and impregnated with European values.

The United States was destined to play a particular role in this relationship between Old and New Worlds, for its early political independence, the virgin frontier, and the continental scale of its development generated a dynamism which began, in the eighteenth century, to react perceptibly on European thought. But the long distances, the provincialism of the new American

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nation, and the traditional power-consciousness of the European states hid the fact of the Atlantic Community from all but the most discerning minds. Alexis de Tocqueville, John Hay, Henry Adams, Admiral Mahan, Sir Norman Angell -- one can almost count on the fingers of two hands the men who, during the nineteenth and early twentieth centuries, saw beyond their years and perceived that an indispensable partnership -- an "Atlantic system" as Adams called it -- really existed.

For Europeans, in these decades, could not generally see beyond their conflict-bound shores to encompass the meaning of a new relationship with the continent their cousins were subduing. Even when the debt to revolutionary American political doctrines was seen -- as in the struggles for independence of Italy and later of the states of Eastern Europe -- the broader implications of the interdependence of the new constitutional democracies went unremarked.

As for Americans in these long years, they for the most part relished their separation from the "cockpit of Europe", were proud to develop in isolation, and only slowly, beginning in 1900, began to face up to the consequences of their new-found power.

For all these reasons--and many more which our learned historians, with unhurried pages to fill, could lay bare for us--the Atlantic Community although it has existed for four and a half centuries, until very recently has lain undiscovered, perhaps like

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the law of gravity before Newton stumbled on it.

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Near the conclusion of the first Great War, Sir Norman Angell, noted British author and pacifist, wrote:

"The survival of the Western democracies, in so far as that is a matter of the effective use of their force, depends upon their capacity to use (that force) as a unit, during the War and after. That unity we have not attained, even for the purposes of the War...Our unity depends upon a revision of (the old nationalist conceptions), an enlargement into an internationalism...A return to the old relationships after the War will sooner or later doom the democratic nations." (1)

Despite the warnings of Angell and a precious few others, the Allied coalition did disintegrate and a second World War was ultimately fought, in which the coalition was restored only at great cost. It was during that conflict that the term "Atlantic Community" first became current. In 1944, Walter Lippmann wrote:

"The United States...should consolidate the strategic and diplomatic connections already existing, of the Atlantic Community: that is to say with the British Commonwealth and Empire, with Pan-America, with France and her empire, with Belgium, the Netherlands, and their

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(1) The Political Conditions of Allied Success, 1918

colonies, with Luxembourg, Norway, Denmark, Iceland; and should strive to extend them to Portugal, Spain, Italy, Greece, Eire, and Sweden." (1)

When the Second World War ended, currents of thought had undergone a fundamental change in both America and Europe. Americans had, under the impact of a global conflict, finally turned their gaze reluctantly but irrevocably to the outer world. Europeans, their homes and industries devastated and their ways of life shaken to the roots, seemed ready at last to substitute new patterns of cooperation for outmoded national enmities and barren concepts of self-sufficiency. The interests of Canada, the United States and Europe at this juncture in history were now seen by a sizeable number of thinking men to coincide remarkably. And so were born a score of new initiatives which began to transform the Atlantic Community into a living reality. (2)

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The full dimensions of the Atlantic Community are not simply grasped, because it is both an historical fact and a developing idea. The Community is by no means a full-blown and accomplished phenomenon, but rather it is a living, growing, developing organism with the broadest political, economic, social, and cultural implications for the future.

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(1) U.S. War Aims

(2) These developments we shall discuss in more detail in the following chapter.

A Cultural Community

Seen from the point of view of the sociologist or anthropologist, there is a cultural community among the "Atlantic" nations, based on a common denominator of widely-accepted values, acknowledged and expressed through important common historical experiences and shared ways of life. Based on the heritage of Greece, Rome, and Judeo-Christian tradition, a common Western civilization grew in Europe and was transplanted and transformed in lands across the seas beginning with the fifteenth century. This interaction was most pervasive among the lands bordering the north Atlantic. The two historical developments within Western civilization which are of the greatest importance for the Atlantic Community are: (1) the continuing growth of freedom under law, enshrined in democratic representative institutions; and (2) the technological and industrial revolution which has made possible the creation and distribution of wealth on an unprecedented scale.

That all of the members of the Atlantic Community may not have shared equally in these developments is not of great importance in determining the existence of the Community; there is an undoubted nucleus, within which there is a firm base of democratic practices and institutions plus an advanced degree of industrialization and economic development. The nucleus is continually expanding to absorb the periphery. Germany, for example, in 1940 stood quite outside the Atlantic Community; today, she is a firm partner.

An endless subject for useful debate among philosophers and historians is the identification of the common values which underlie our civilization and its characteristic institutions. Despite the great diversity of the Atlantic Community and the whole West, we submit that there is a constant core of principles and values on which a large majority of educated men of good will can agree. These principles are rooted in a fundamental belief in the dignity of man.(1)

These beliefs are shared by a large number of nations and peoples all over the world, not only in the Atlantic area. The fact that they were originally Western conceptions does not detract from their universal nature and application. These are the values enshrined in the United Nations Charter of Human Rights and, to a large extent, reflected in the constitutions of nearly every new state, as well as those of the older ones.

Because it is within the geographical bounds of the Atlantic Community that these principles have been applied with particular effect and most fully "internalized" in the daily life and institutions of states and peoples, the Atlantic Community bears a special responsibility today for the future of freedom in the world.

#### The Economic Community

Our globe today is an economic whole. Swift advances in all forms of technology, accelerating geometrically, have made

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(1) See Appendix for Statement of Moral and Spiritual Values of the Atlantic Community, adopted by the Atlantic Congress, 1959.  
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this interdependence inevitable. Because the peoples of Western Europe and North America have been in the forefront of this explosive growth in technology and industrialization and because they have accumulated great amounts of capital, they are, among themselves, even more interdependent than the others. There are a few other countries lying in other regions of the world, whose stage of economic development approximates that of the Atlantic group, but whose geographic distance makes full participation in the Atlantic partnership, at least at this stage, impractical.

Atlantic economic interdependence is embodied at this juncture in history by the fledgling Organization for Economic Cooperation and Development. In creating this new body, its members have acknowledged a strong community of interests: acting separately, they know that they can neither develop their own economies nor help the newly-emergent countries to develop theirs, with any hope of success.

#### The Strategic Community

Geography and historical circumstance, again, have dumped the nations of the Atlantic Community into the same boat. A relatively new episode in the old struggle for human dignity and liberty under law, which has convulsed the West since its earliest days, pits the Atlantic Community against the Soviet bloc. At issue is the future of freedom in the world: shall man organize his society under the principle of authoritarian leadership or under the principle of representative democratic leadership?

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This was the question posed by Hitler and by a long line of his ideological ancestors. The issue has been joined anew and on a vast scale with Soviet Communism. It is posed in many other forms as well in our contemporary world.

The fact that some nations of the Atlantic Community have elected not to join in a common defense of freedom through NATO, makes them no less members of the Community in its broadest sense. There are many historical reasons why Sweden, Switzerland, Austria, or Ireland, for example, choose not to join the Alliance. This cannot erase, however, their full membership in the cultural community or in the economic community. And they know that, despite their neutrality, they are deeply affected by the existence of NATO.

#### The Growing Community

We have seen that the cultural, economic, and strategic boundaries of the Atlantic Community do not neatly coincide. People in every part of the world who share "Atlantic" beliefs in the nature and destiny of man may consider themselves allied with the Community which defends and promotes these values. Economically, the Atlantic Community may be thought of as comprising the 20 members of OECD. Strategically, the NATO countries make up its core.

For the present, it may be most useful to consider the OECD members as the "working partners" of the Atlantic Community. Some of them have even closer forms of association



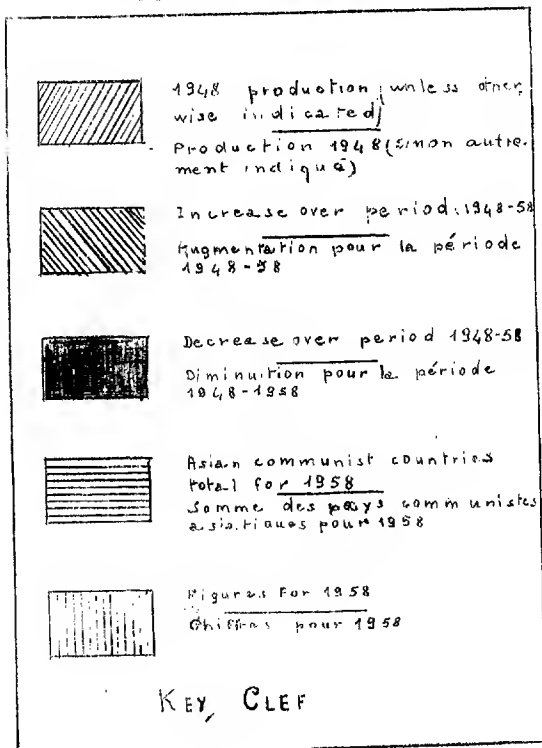
with one another. Some have not shared fully the economic or political developments characteristic of the majority. All, however, are linked by geography, economic interest, and political will in a real and dynamic association which we choose to call "the Atlantic Community", a community the creation of which would have been desirable even if the Soviet Union had never existed.

There are many nations whose interests and inclinations link them closely with the Atlantic Community but who, for geographical or other reasons, are not today full members. Australia and New Zealand come immediately to mind. Latin America certainly has the strongest cultural ties and shares many common interests with her north Atlantic neighbors. Japan likewise shares the broad objects, if not the cultural heritage, of the Atlantic Community.

It seems likely that the process of fruitful combination in the whole non-Communist world will continue. Whether the Atlantic Community itself will expand to include many more nations or will, at some future point in history, combine with other like-minded regional groupings to further common goals of peace, economic growth and social progress must for the present remain uncertain. But that the dynamism of the world economy and the ever-growing need for a more effective rule of law between the nations will eventually dictate some form of closer association on a multi-continental basis seems sure. This trend toward mutual respect and cooperation between nations and peoples may well be the true "wave of history" of our epoch.

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In preparation for even larger patterns of cooperation, the Atlantic Community must be transformed from a community of beliefs, history, and hope into a real community, based on common laws and embodying joint institutions. The OECD and NATO nations face a momentous and exciting challenge; to lead in the construction of a real Atlantic Community.



of  
OECD with COMECON  
and with COMECON PLUS CHINA and  
other Asian Communist Countries.

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COMPARAISON GRAPHIQUE

entre

OECD et COMECON

et aussi COMECON PLUS LA CHINE

et les autres Pays Communistes Asiatiques.

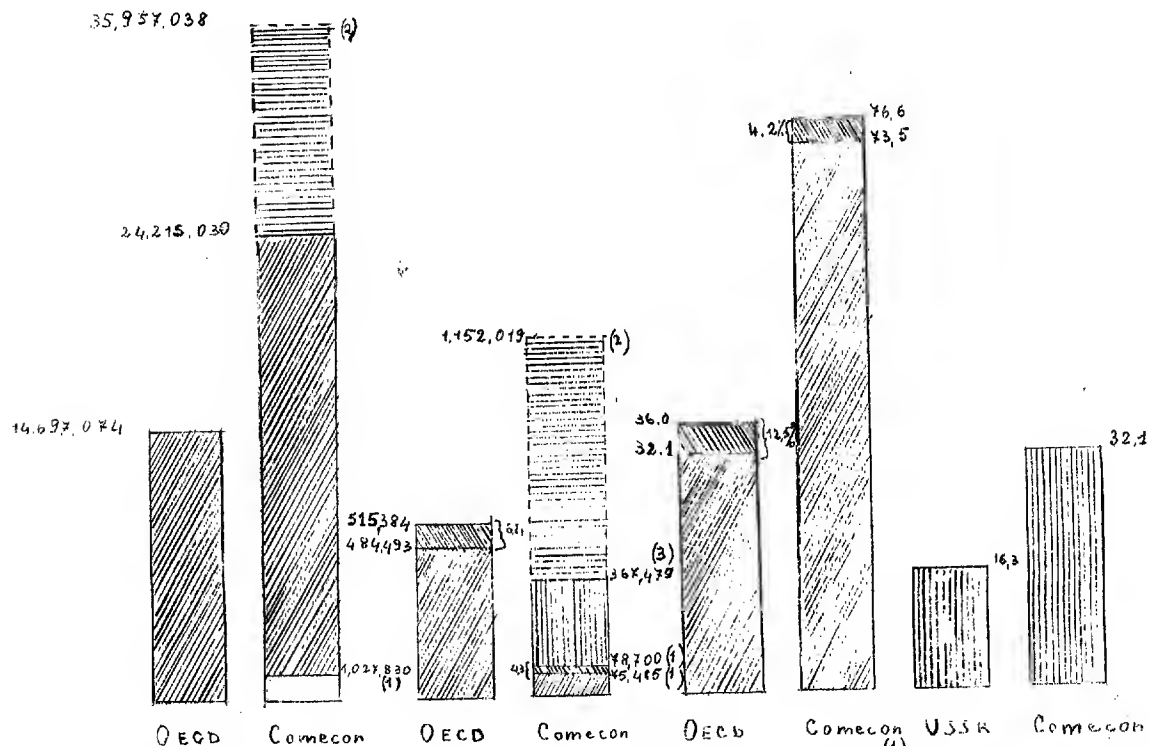
BASICS / LES BASES

AREA / SUPERFICIE  
in square Km.  
en Km. carrés

POPULATION  
in thousands  
en milliers

DENSITY (H)

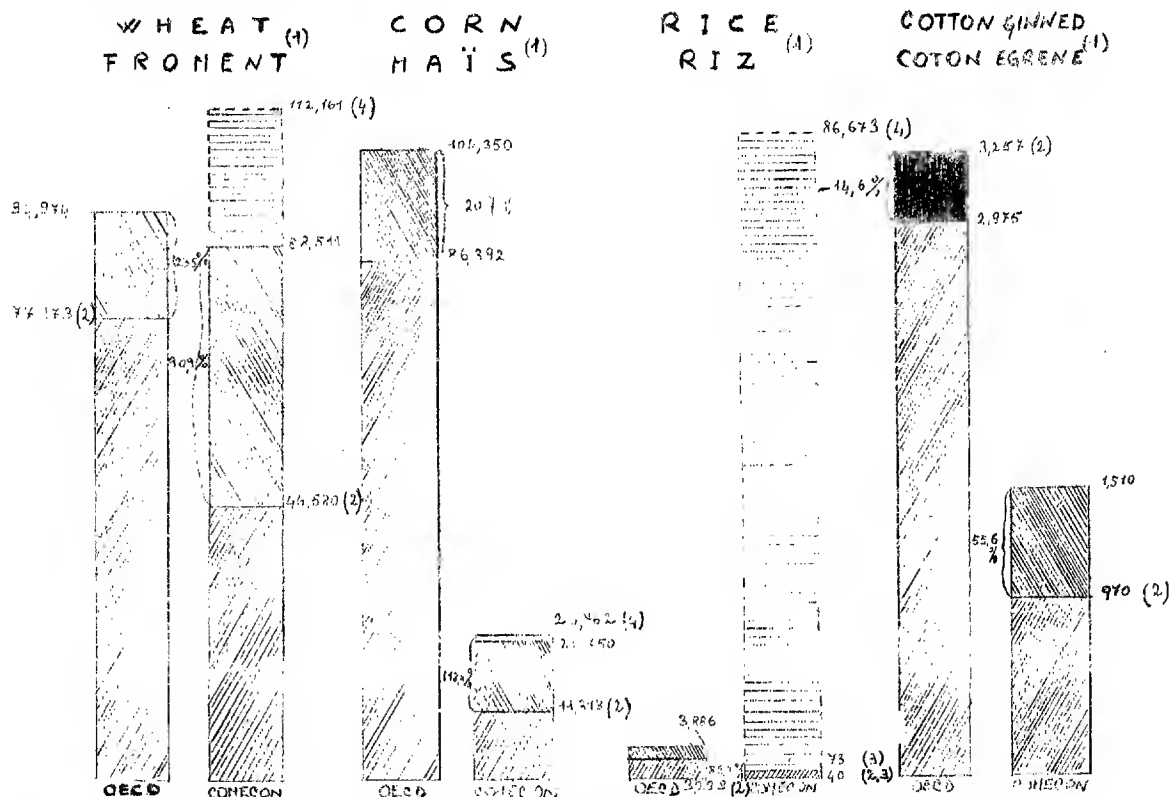
D'ENSITE



- (1) Comecon without USSR. / Comecon, URSS non comprise.  
 (2) Includes: China, North Korea, North Vietnam, and Outer Mongolia. /  
 Y compris: la Chine, la Corée du Nord, le Vietnam du Nord, la Mongolie extérieure.  
 (3) Includes USSR. / Y compris l'URSS.  
 (4) Number of inhabitants per square kilometer. / Habitants par Kilomètre carré.

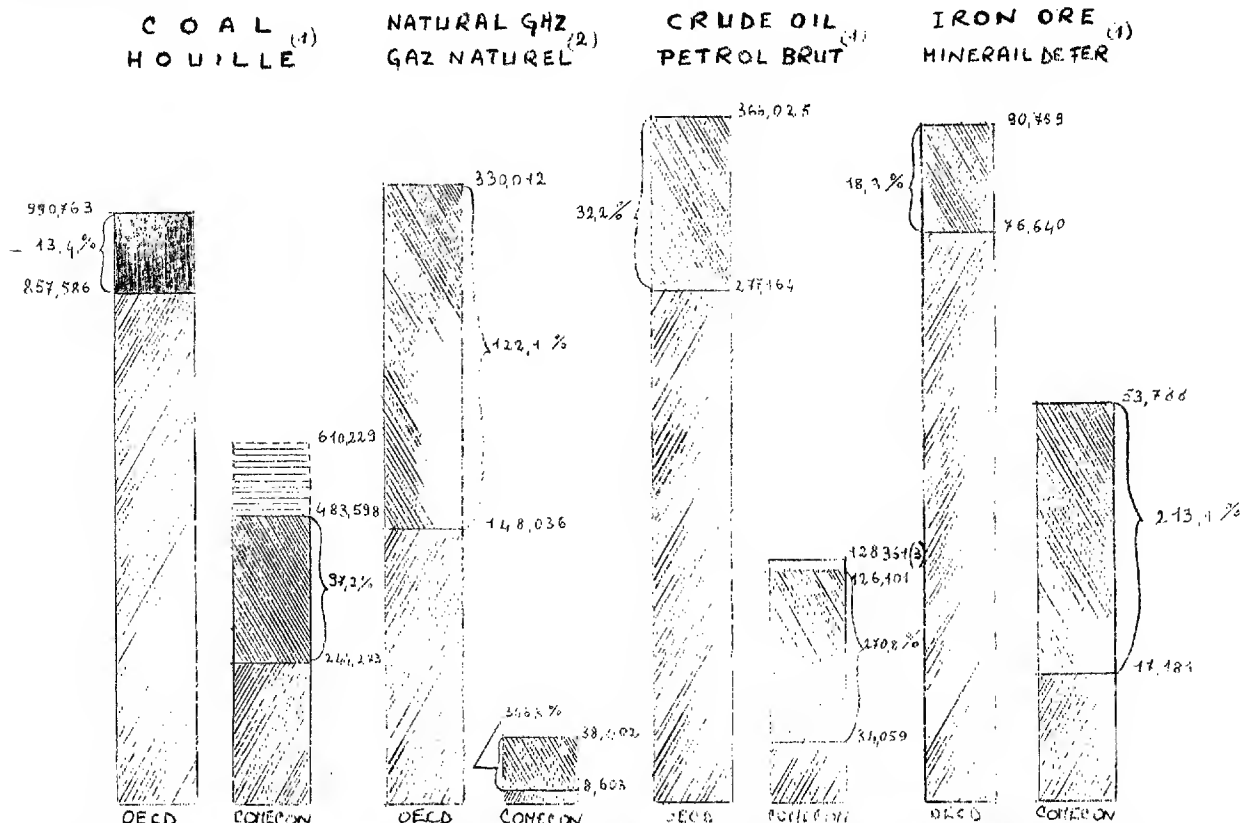
A G R I C U L T U R E

III

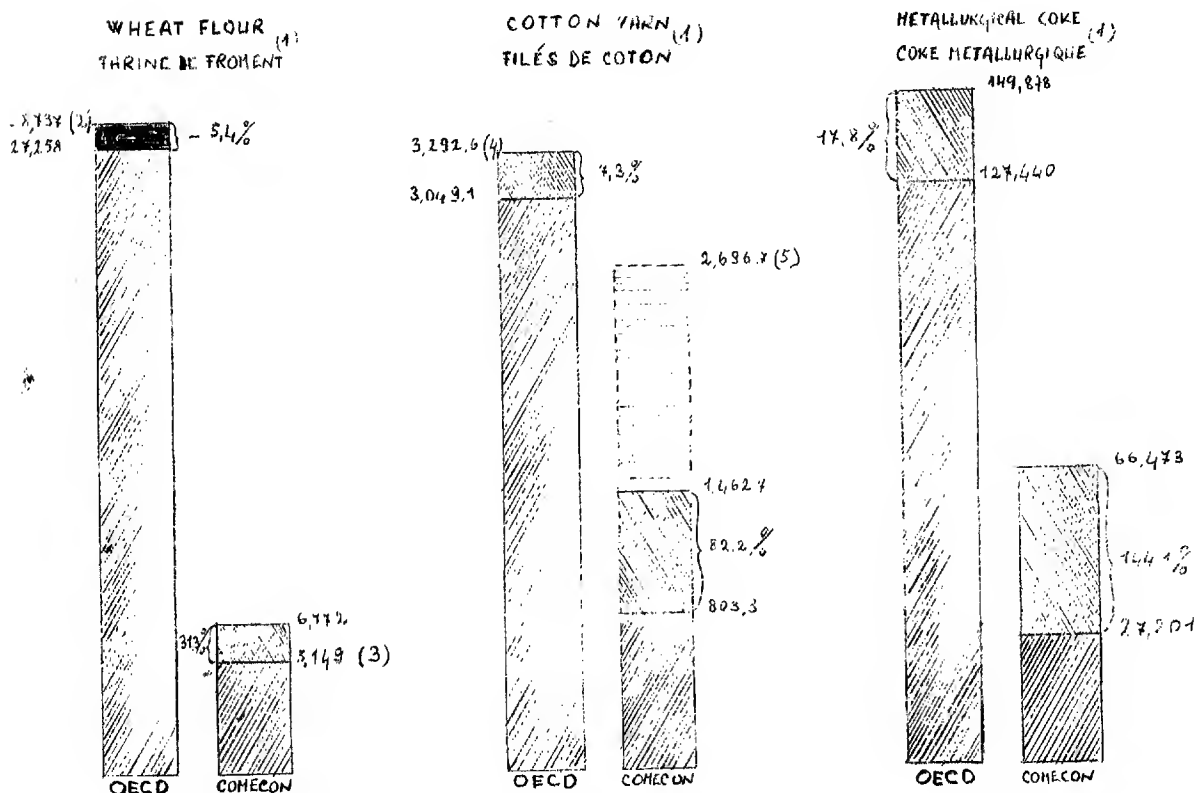


- (1) In thousands of metric tons. / En milliers de tonnes métriques.  
 (2) Average production over the period 1948-1952 / Production moyenne pour 1948-1952  
 (3) Excludes USSR (figures unavailable; production minimal). / L'URSS non comprise.  
 (4) Includes China. / Y compris la Chine.

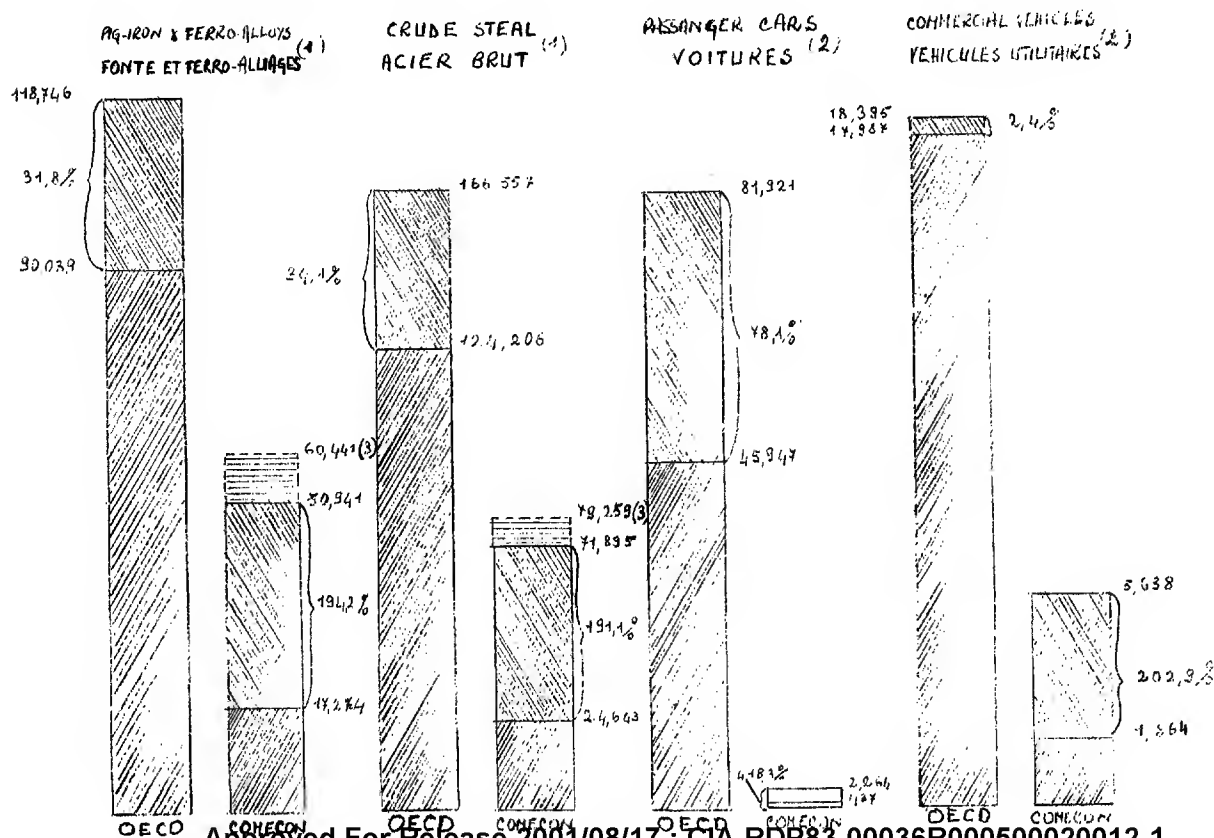
\* \* \*

M I N I N G

- (1) In thousands of metric tons. / En milliers de tonnes métriques.  
 (2) In millions of cubic meters. / En millions de mètres cubes.  
 (3) Includes China and North Korea. / Y compris la Chine et la Corée du Nord.



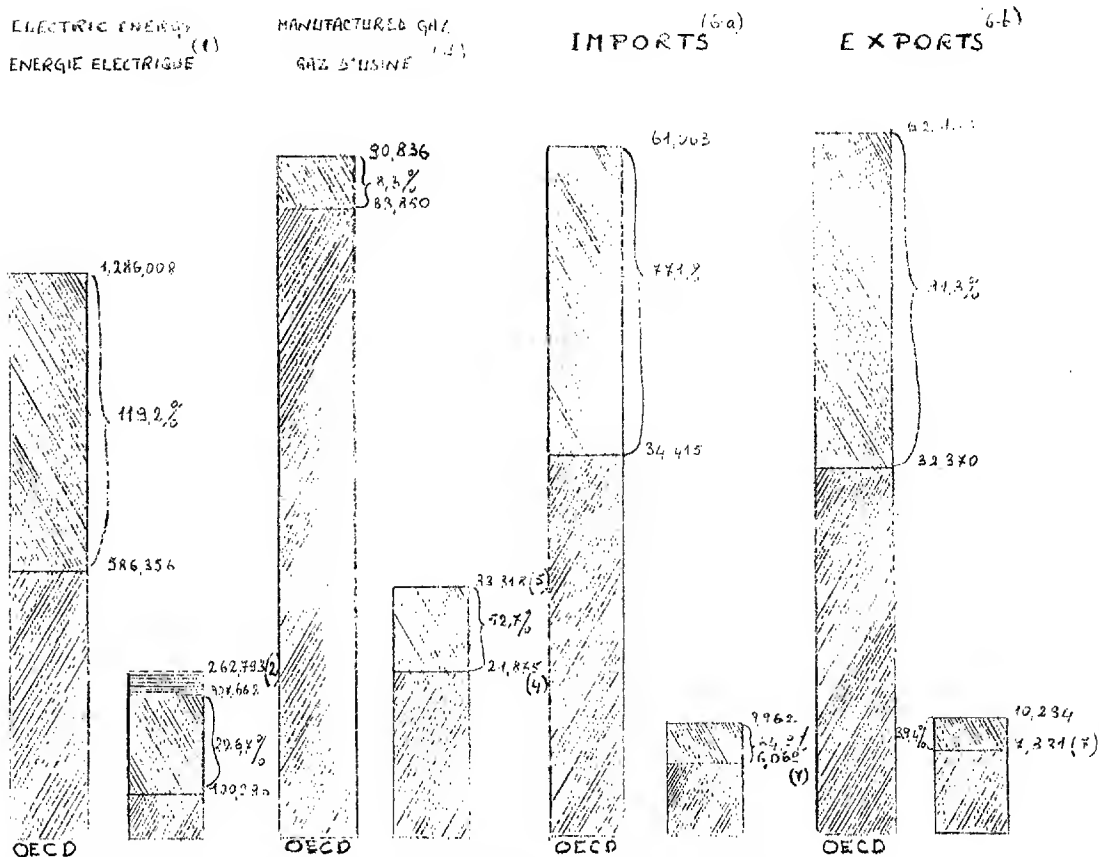
- (1) In thousands of metric tons./ En milliers de tonnes métriques.
- (2) Approximately 10% from 1951./ A peu près 10% de 1951.
- (3) Approximately 30% from 1951./ A peu près 30% de 1951.
- (4) Approximately 30% from 1954./ A peu près 30% de 1954.
- (5) The addition is of China alone./ La partie supérieure représente la Chine seule.



- (1) In thousands of metric tons./ En milliers de tonnes métriques.
- (2) In thousands./ En milliers

ENERGY  
ENERGIE

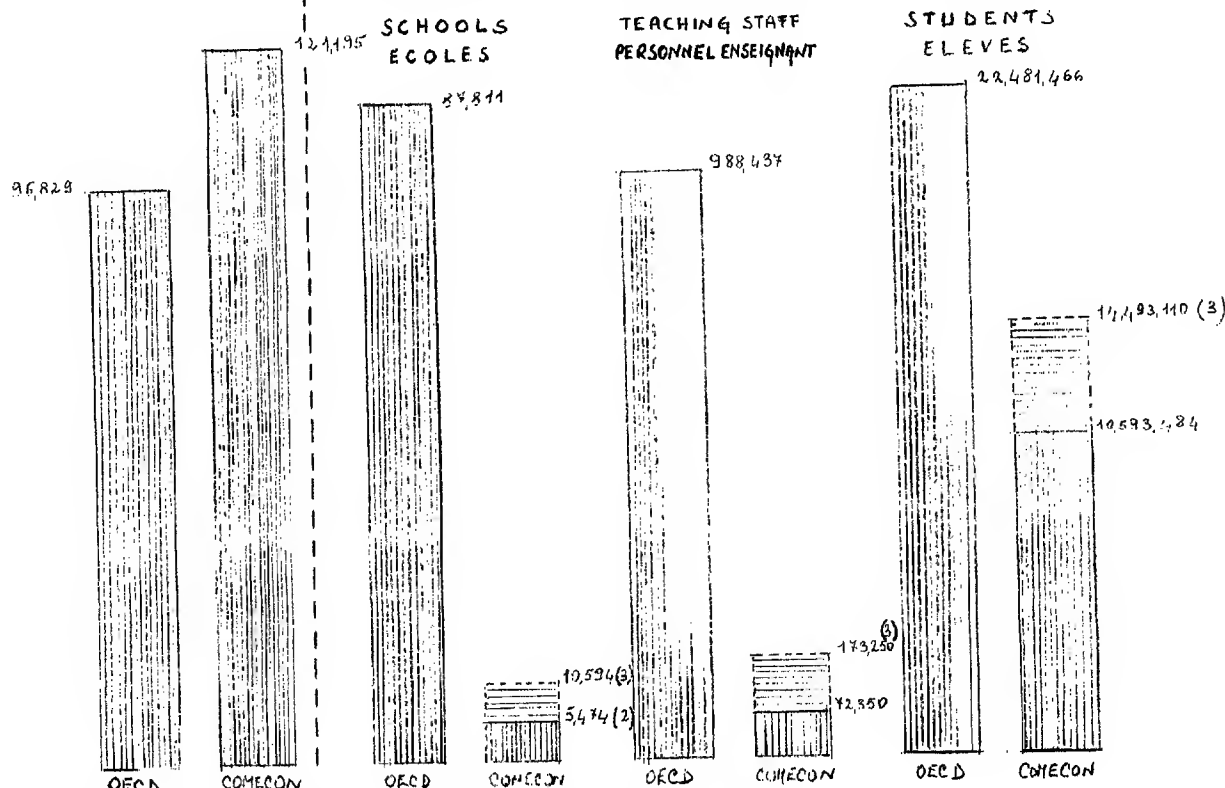
TRADE  
COMMERCE



- (1) In million kilowatts./ En millions de kilowatts.
- (2) Includes China and North Korea figures from 1952 (latest available). / Y compris la Chine et la Corée du Nord: chiffres de 1952.
- (3) In millions of cubic meters./ En millions de mètres cubes.
- (4) Figures for USSR (75%) from 1954./ Chiffres pour l'URSS (75%) de 1954.
- (5) Figures for USSR (67%) from 1957./ Chiffres pour l'URSS (67%) de 1957.
- (6) Value in millions of US dollars/Valeur en millions de dollars US:
  - a) external trade with the world-c.i.f./ commerce extérieure-c.i.f.
  - b) external trade with the world-r.o.b./ commerce extérieure-f.o.b.
- (7) Approximately 50% of the figures from 1953./ A peu près 50% des chiffres de 1953.

## C U L T U R E

(1) EDUCATION / INSTRUCTION  
Secondary and Technical / Secondaire et Technique  
 Books / Livres



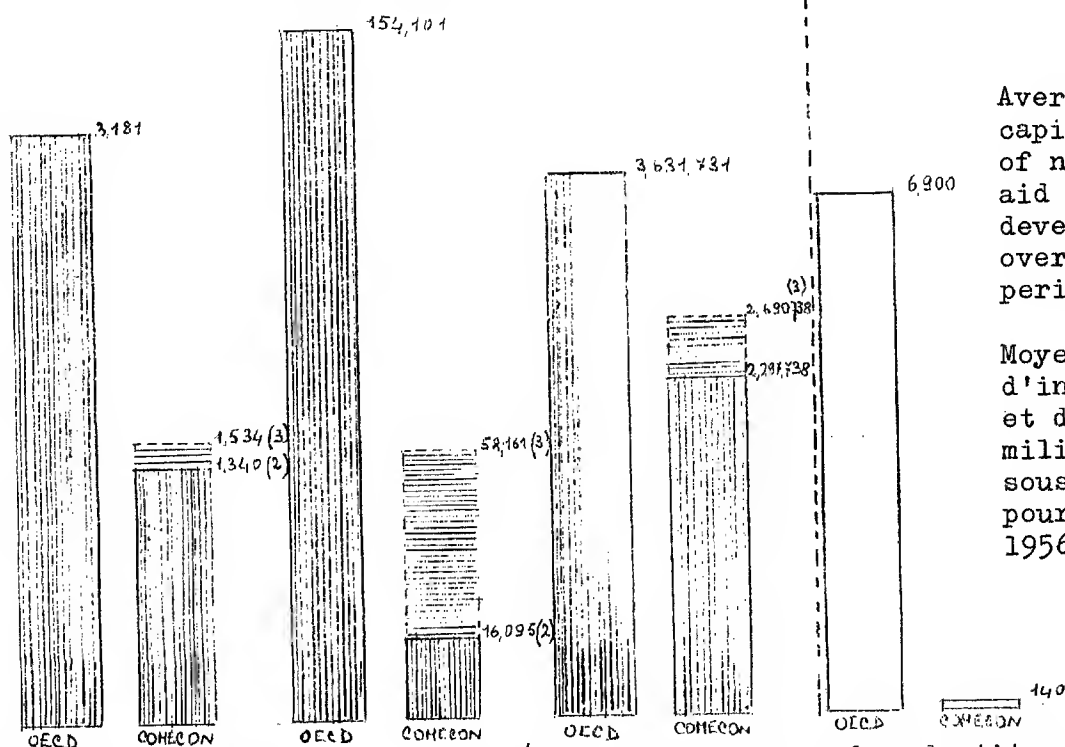
Higher Education / Enseignement Supérieur

SCHOOLS  
ECOLES

TEACHING STAFF  
PERSONNEL ENSEIGNANT

STUDENTS  
ELEVES

AID / AIDE (4)



Average net capital flow of non-military aid to under-developed countries over the four year period: 1956-60.

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Moyenne annuelle d'investissements et d'aide non-militaire aux pays sous-développés pour la période: 1956-1960.

(1) Production by number of titles. / Production par nombre de titres.

(2) Excludes the USSR (figures not available) / L'URSS non comprise (chiffres non disponibles)

(3) The addition is of China alone. / La partie supérieure représente la Chine seule.

(4) In millions of US dollars. / En millions de dollars US.